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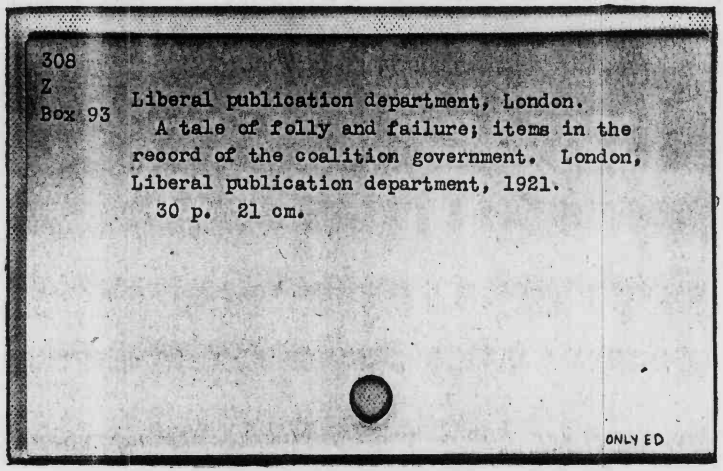
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A TALE OF FOLLY AND FAILURE

ITEMS IN THE RECORD OF THE COALITION GOVERNMENT

Liberal Publication Department,
42, Parliament Street, LONDON

OCTOBER, 1921.

PRICE THREEPENCE

A TALE OF FOLLY AND FAILURE

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A TALE OF FOLLY AND FAILURE.

Items in the Record of the Coalition Government.

THE last words that were spoken by Mr. Lloyd George during the General Election of 1918 were as follows. They are the closing sentences of a speech delivered in Camberwell on the eve of the poll, December 13th, 1918.

"In the task which is in front of us, of lifting this country up above its past, above the wretchedness, the misery, the poverty, and the squalor. . . I appeal to the people of this country to stand together and *give a mandate to the Government* to-morrow to work and carry through the programme which will make this old country a fit country for the brave men who have suffered for it."—*Times, Dec. 14th,* 1918.

Mr. Lloyd George wanted "a mandate." That means an *order* or an *instruction* from the electors to make this old country fit for brave men. He also said that it would be no good unless he got a large majority. At Wolverhampton on November 23rd, 1918, he said:—

"To deal with these difficulties, which I can see quite clearly, *it is no use having a small majority.*" —*Times, Nov. 25th,* 1918.

The electors gave Mr. Lloyd George what he asked for. They gave the Coalition Party a majority of 345 over all other parties in the House of Commons. With a majority like this Mr. Lloyd George and his Coalition Government were masters of the situation. There was nothing to hinder them from carrying out their programme.

It is nearly three years since Mr. Lloyd George received his " mandate " and his " large majority." What is the result of these three years? The answer is that **the record of the Coalition Government is an almost unbroken tale of folly and failure.**

I.

The Coalition Government has failed to give us the benefits of Peace.

1. Although this is the third year since the Armistice, we are still spending on *Armaments* (Army, Navy and Air Force) nearly three times as much as we spent before the War.

Cost of Armaments, 1913-14		£86,000,000
Cost of Armaments, 1921-22		
Paid direct	£182,984,000	
Paid through Colonial Office for military costs in Mesopotamia and Palestine	£24,221,000	
		£207,205,000

2. The Government has **not yet completed the Peace.** The treaty with Turkey has never been ratified, and is still in process of revision.

It was recently decided to ignore the case of Turkey and September 1st, 1921, was declared by Order in Council to be the official date of the end of the War. Thus from November, 1918, to September, 1921, we have been kept technically in a " state of war," and during the whole of this period we have continued to live under many of the war-time restrictions of the Defence of the Realm Act.

3. The Government has delayed the re-settlement of Europe and sowed the seeds of future war by **mis-handling the terms of our peace with Germany.**

This mismanagement falls under two chief headings—Reparations and Territorial Agreements. Many books have been written on each of these subjects, and it is not easy to discuss them briefly. It is possible, however, to indicate in broad outline the nature of the Government's failure.

(1) **Reparations.** The starting-point of all the trouble over Reparations was *the ridiculous promises which Coalition Leaders made in order to get votes at the General Election.*

It had been calculated that the whole cost of the War was about £24,000,000,000. The Government deliberately led the electors to believe that this sum could be and would be extracted from Germany. There is no sort of doubt that promises of this kind were made. Out of abundant evidence, it is only necessary to record two of Mr. Lloyd George's election utterances.

On November 29th, 1918, Mr. Lloyd George said at Newcastle :—

" There is absolutely no doubt about the principle, and that is the principle we should proceed upon—that Germany must pay the cost of the war up to the limit of her capacity to do so."

And on December 11th, 1918, he said at Bristol :

" Those who started it (the War) must pay to the utmost farthing, and we shall search their pockets for it."

The electors took this to mean, first, that Germany was to be " bled white," which harmonised with the revengeful public feeling of the moment ; and, secondly, that the War would leave no heavy burden of taxation on this country ; and it was the people's trust in this declaration of Coalition policy which was chiefly responsible for its victory at the polls.

Every elector knows to-day that this election-cry was a sham, designed only to get votes in a time of excitement. *But the promises made*

during the election had a disastrous effect on the Government's diplomacy. They led to a series of errors, which may be thus briefly tabulated.

Having promised the whole cost of the War to the Electors, the British delegates at the Peace Conference in Paris began by making impossible demands.

In order to save their faces, the actual amount of the Indemnity was not fixed by the Treaty.

It is because the amount was not fixed by the Treaty that the Paris Conference has been followed by constant international conferences and recurring crises.

These perpetual conferences and crises have prevented the re-settlement of Central Europe, and have consequently retarded the revival of trade in our own country.

The extravagant nature of the original demands has led to repeated revisions and bargains, greatly delaying the payment of any sum by Germany, and undoubtedly diminishing the amount that might have been obtained.

Even now the settlement of Reparations cannot be regarded as permanent. The present value of the sum ultimately agreed upon (to be divided between all the Allies) is about £5,000,000,000. The payments are spread over forty years; and there can be little doubt that Germany has only agreed to the scheme in the belief that it will be abandoned by the Allies themselves before many years are passed. Not a penny has yet (October 15th, 1921) been received by this country, except a partial contribution towards the cost of our Army of Occupation.

All this muddle and delay and loss could have been avoided if the British Delegates had been free to go to Paris and fix the Indemnity at a reasonable figure. If they had done this, the matter would have been settled quickly, normal trading conditions would have been restored, and the bill of the Indemnity would have been

paid. But the British Delegates were not free. They were embarrassed by the false promises of the election.

(2) **Territory.** The chief charge to be brought against the Government in the matter of Territorial Agreements is that *Europe is still unsettled and unstable.* This is a charge of the gravest possible character. It is three years since the Government, in the name of the nation, accepted the Fourteen Points, and thereby undertook to make peace on the basis of "self-determination." The people relied on the principle of "self-determination" as one of the chief guarantees against future war, and it was expected that the Peace to be made in Paris would so settle the boundaries of European nations as to leave no serious cause for future disturbance.

It is unhappily true that this was not done. The Peace that was made was not a stable peace, and Europe is to-day far from that condition of settled security which appeared to be promised at the time of the Armistice.

Two examples may be given. One such case is the fact that France was allowed to take conditional possession of the Saar Valley and of the extensive belt of German country on the left Bank of the Rhine. This French occupation is understood to be temporary; but the "conditions" of evacuation are that Germany shall fulfil impossible terms included in the Treaty, and the occupation therefore amounts in reality to permanent annexation. It is no secret that the French intend to make it so. As these districts are inhabited by an exclusively German population, their permanent possession by France is contrary to the theories of "no annexation" and "self-determination" which are fundamental principles of the Treaty, and it is impossible to believe that Germany will submit to the loss of these regions without a struggle.

Another example of prolonged and dangerous unsettlement is Upper Silesia. In the first place, the provisions of the Treaty in regard to Upper

Silesia were culpably ambiguous. And in the second place, when it was decided to allow the inhabitants to determine by vote which districts should go to Poland and which should remain in Germany, it was a fatal blunder (for which British statesmen were as much responsible as anyone) to delay the taking of the plebecite for more than two years. The acute situation which arose at the end of July, and which seriously threatened to precipitate general hostilities, was mainly due to this unnecessary delay. It was only after repeated failures during the early days of August to agree upon a method of partition, and after still another disturbing crop of "dangerous situations," that Mr. Lloyd George and our Allies determined to do what they ought to have done more than two years ago, namely, to refer the whole question of Upper Silesia to the League of Nations.

This is a short summary of some of the outstanding facts, but enough has been said to show the failure of the Coalition Government to make a Good Peace. The broad and patent fact is that **we are not getting the benefits of Peace.** We have not yet got a completed Peace; we have not got a settled and stable Europe; the principle of "self-determination" has been brushed aside; the League of Nations has been deliberately kept in the background, and overshadowed by a league of Allied Prime Ministers; we are not yet receiving Reparations—not even on a moderate scale; we have not reached a condition of normal trade, because we have kept Europe in a state of suspense and unsettlement; and we are still bending under a burden of Armaments nearly three times as great as we bore before the War.

This is not the sort of Peace for which we hoped. It is not a "new world." It is the old world of national rivalries, territorial ambitions, secret diplomacy, and competing armaments. Nothing is changed. It is three years since we forced Germany to lay down her arms; but so far as the new world of peace and goodwill is concerned, we appear to have fought the Great War in vain.

II.

The Coalition Government has failed to put National Finance on a sound basis. It has not reduced our debt. It has wasted our money. It has over-taxed us.

1. The *National Debt* at the end of the War was £7,435,000,000. On April 1st, 1921 (the beginning of the present financial year) it was £7,573,000,000. We are thus in a worse financial position to-day than we were when this Parliament came into existence. We have to find this year the enormous sum of £345,000,000 to pay the interest on the debt.

2. The nation's money is being spent by the Government at a ruinous rate; in fact, more than five times as quickly as it was spent before the War.

In the year 1914, our *National Expenditure* was £197,493,000. This year (1921) it is to be £1,039,728,000.

3. This extravagant spending is not due to educational reform, and only in a very small degree to Housing. It does not indicate any kind of social improvement. Mr. Fisher's Education Act of 1918 is inoperative, and the Housing Schemes have been stopped.

The huge expenditure is chiefly due to *extravagance in Government Departments and to unnecessary Military Expeditions.*

Government Departments. In the year 1914 there were 277,911 Civil Servants. In the year 1921 there are 366,894, an increase of 88,983. Although the Government has repeatedly promised to reduce these figures, it has not done so. On the contrary, the number of Civil Servants is still increasing. In October, 1920, it was 366,243, whereas it is now (October, 1921), 366,894.

On July 28th, 1921, the Government admitted that the salaries and wages paid to persons employed in Government Departments (exclusive

of industrial workers in dockyards, &c.) for *the Month* of June amounted to £8,360,000. (Hansard, Vol. 145, Col. 625). This may mean that our Bureaucracy costs us over £100,000,000 a year in salaries, and on the most moderate estimate it costs us at least £70,000,000 a year.

Military Expeditions. Since the General Election the Government has poured out money on aggressive Military Expeditions which have never had the sanction or support of the electors.

The following table shows the amount wasted on these adventures in the course of the three years, 1919, 1920 and 1921. The figures are all taken from official sources. In the cases of Egypt and Constantinople the Government has not published the total amounts spent; but from time to time it has stated the cost per month, and moderate estimates have been calculated on that basis.

COST OF MILITARY EXPEDITIONS

(For the three years since the General Election.)

In Russia	94,800,000
In Mesopotamia, Persia and Palestine	145,000,000
In Egypt	15,000,000
In Constantinople	14,000,000
In Ireland	34,250,000
	£303,050,000

4. The *consequence* of this extravagance and general financial folly is an *intolerable burden of taxes*. Every penny of the wasted money comes out of the taxpayers' pockets.

Income Tax is at the rate of 6s. in the pound, whereas in 1913 it was only 9d.

Taxes on Food are heavier than they have ever been within living memory.

	Tax in 1921.	*Tax in* 1914.
On Sugar ..	14d. per 5 lbs.	1d. per 5 lbs.
On Tea ..	12d. per lb.	5d. per lb.
On Coffee ..	4½d. per lb.	1½d. per lb.
On Cocoa ..	4½d. per lb.	1d. per lb.

We pay altogether in taxes to-day £22 per head of the population, whereas in 1913 we paid only £3 10s.

These payments can be summarised as follows:

We are paying to-day—

In Taxes on Sugar, Tea, Coffee and Cocoa	4 times as much as we paid in 1913.
In Income Tax	8 times as much as we paid in 1913.
In Total Taxes per head of the population ..	6 times as much as we paid in 1913.

Whilst this excessive burden of taxation continues there can be no revival of normal trade, and no substantial fall in the cost of living.

The Government is using up our substance. It is draining the nation dry. This is why it is so difficult to make any headway, however hard we work.

III.

The Coalition Government has failed to do anything for the benefit of the people. It has broken its promises and abandoned its programme.

HOUSING.

The promise of the Government in regard to Housing was definite and emphatic. It was an important part of its programme at the General Election. In his electioneering Manifesto, issued on December 5th, 1918, Mr. Lloyd George said:

"There is no doubt that our housing conditions in this country are a disgrace to the Empire . . In England and Wales alone there is a shortage of at least 400,000 houses. That is apart altogether from the number of houses which would have to be built if slum properties were swept away."

On April 14th, 1919, the Minister of Health announced the Government's programme for England and Wales, namely that 500,000 houses should be built—100,000 in 1919, 200,000 in 1920, and 200,000 in 1921. (*Hansard, vol.* 114, *col.* 2664).

The first Housing Act was passed in July, 1919; an Additional Powers Act was passed in December, 1919; and an Amending Act (extending the period of grants to June, 1922) was passed on July 1st, 1921.

Only a fortnight after this date the Government turned its back on all these promises and undertakings. It was on July 14th, 1921, that Sir Alfred Mond announced in the House of Commons that the Government had decided not to build any more houses than those already contracted for.

The Government's record, therefore, stands as follows:

Houses Promised		500,000
Houses built by July 14th, 1921	39,000	
Houses still to be Built	160,000	
Total Houses to be Built under the Government Scheme		199,000
Houses which the Government Promised but will not Build ..		301,000

Agriculture.

In December, 1920, the Government passed an *Agriculture Act.*

Six months later, namely, on June 8th, 1921, Sir A. Griffith Boscawen (Minister for Agriculture), announced in the House of Commons that the Government had decided to *repeal the main part of the Act.*

This measure (which amended and developed the Corn Production Act of 1917), had occupied the attention of Parliament, off and on, for six months. It was represented by the Government to be vital to the national interests.

The following sentences are extracts from Sir A. Griffith Boscawen's speech on the Second Reading (June 7th, 1920):

> "The Bill represents the definite reconstruction policy, as regards agriculture, of the Government, not as a temporary war measure, but as the permanent policy of the country . . . I do claim that this Bill is a big measure of constructive policy . . . We propose this as a measure in the interests generally of the consumers of this country." (*Hansard, vol.* 130, *cols.* 78 *and* 93).

As a matter of fact, the Agriculture Act was in the main an ill-conceived and mischievous measure. The Government was told by the Liberal Party that this was the case, but it paid no heed to such criticisms and warnings. In 1920 it insisted on passing the Act as "a big measure of constructive policy"; *and in* 1921 *it threw this "big measure" on the scrap heap.*

Agricultural Wages Boards.

There was one good thing in the Agriculture Act of 1920. It continued the Wages Boards of the Corn Production Act, through which the Farm Worker was able to secure a living wage.

The Liberal Party has advocated Wages Boards for Farm Workers ever since it put forward its land policy in 1914.

But the Coalition Government has now swept this reform away. The Wages Boards are repealed with other parts of the Act, and their place is taken by "Conciliation Committees," which are merely talking committees without power to do anything.

OTHER BROKEN PROMISES.

There are other proposals, displayed by the Government for electioneering purposes, which it has not even tried to carry out. For instance, it promised legislation for:

An Eight Hours Day

Minimum Wages

Cheaper and Improved Transport

New National Electricity Supplies.

We have not seen even the first steps in fulfilment of any of these undertakings.

In his General Election Manifesto, issued on December 5th, 1918, Mr. Lloyd George said:

"The Government have schemes for developing the resources of our own country in a way they have never been opened up before."

Where are these schemes? Those that have been tried have broken down and failed; but for the most part they are still hidden from view. **It is not possible to point to anything done by the Coalition Government during the three years of this Parliament which can be said to have improved the daily life of the people.** As an agent of Social Reform the Coalition is a dead failure.

IV.

The Coalition Government has done positive and serious damage to the Trade of the Country.

All business men agree that the Government's extravagance, its heavy taxation, its failure to redeem debt, and its numerous restrictions and controls, have acted like crippling chains on manufacture and trade.

Out of a large mass of evidence on this point, three witnesses may be quoted by way of example.

Extract from a Statement issued on May 12th, 1921, by Twenty-six Leading Bankers.

"The system of Government regulating trade by licences, controls, and departmental orders has, admittedly, however well intended, had in many cases unfortunate results . . . The burden of taxation can only be lightened if the necessity for public economy is resolutely faced. The present rate of national expenditure threatens to cripple the country's resources and to impair its credit abroad. In our judgment, it is more than the commercial community can bear."

Extract from a Letter in the "Times" of April 2nd, 1921, by Mr. F. T. Reynolds, Chairman of Millwards Merchandise Ltd., Manchester.

"Unfortunately, with incredible fatuity, the Government policy with regard to trade has in effect intensified difficulties . . Exclusions, restrictions, delays, and penalties are introduced leading to the diversion from, instead of the attraction to, the United Kingdom of great volumes of trade."

Extract from a Speech delivered on August 19th, 1921, at the Annual Meeting of Isaac Holden & Sons Ltd., Bradford, by Mr. Isaac H. Holden, Chairman of the Company.

"He said emphatically that unless the Government had the ability and the courage to reduce national expenditure by two or three hundred millions per annum, it was going to strangle the trade of the country."—*Yorkshire Observer, August 20th, 1921.*

UNEMPLOYMENT.

The Government's folly, though not yet realised by itself, has been brought home to the general public by the alarming growth of Unemployment. On October 19th, the number of persons totally unemployed was 1,750,000. (*Hansard, vol. 147, col. 75*). During the fifteen years previous to the War (1900-1914) the number of the unemployed never rose above 7·8 per cent. of the members of Trade Unions making

returns, and the average percentage for those years was 4·2. The average percentage for the first nine months of the year 1921 is 13. This is not merely bad trade; it is the worst trade we have any experience of. It has been allowed to get so bad that nothing can improve it quickly. The damage is done. And whatever schemes may now be adopted by the Government, things will remain pretty bad for a considerable time.

The Government is endeavouring to free itself from blame; but this is idle and ridiculous. It is perfectly true that there is unemployment in other countries, and that its chief cause is the destruction of wealth and of industrial organisation during the War. But bad trade and unemployment, like other human misfortunes, can be aggravated by recklessness and neglect. This is the part that has been played by the Government. It was known to all observant and responsible people that bad trade in some degree would sooner or later follow the War; **and the serious charge to be brought against the Coalition Government is that, being well aware of this prospect, it took no adequate steps to moderate the evil, and on the other hand persistently followed a policy that was certain to aggravate it.**

Instead of encouraging the other nations of Europe to recover their economic stability and their industrial capacities when the War was over, the Government has done much to embarrass them. In endeavouring to hold Germany down by extravagant demands for reparation and vexatious disabilities and restrictions, the Government has impoverished the customers that our British manufacturers so much need, not only in Germany, but in every country of Europe. Again, instead of opening ports and frontiers and removing every obstruction to the free international exchange of goods, the Government has occupied much of its time during the past two years in setting up the Reparations Act, the Economic Sanctions on the Rhine, and the Safeguarding of Industries Act, all of which are elaborate devices for the discouragement of trade. And further, instead

of seeking as much as possible to shield industry from excessive taxation, the Government has doubled and trebled its burdens (thus withdrawing the nation's resources from productive employment) by squandering millions of money on military adventures in foreign lands. These acts of the Government have directly caused much of the bad trade from which we are suffering. When Mr. Lloyd George was asking for votes at the General Election on the ground that he would "search Germany's pockets," he was already creating unemployment. Mr. George and his Government have had their fling in blustering jingoism; against many warnings and protests, they have blindly persisted in an orgy of revenge, reparations, penal tariffs, militarism and profligate extravagance; and now that this reckless and senseless policy has resulted in disaster to our own trade, they cannot be allowed to escape their due share of blame.

And there is one other serious item in this indictment. The Government has not only needlessly intensified bad trade and unemployment by its general policy, it has inexcusably failed to make specific preparation for the problems of unemployment which were bound to arise in some degree sooner or later. The Unemployment Insurance Acts have indeed been revised, and in this matter of provision against distress the Government is perhaps not open to serious criticism. Where it has failed is in the much more important matter of so organising industry and credit and so distributing public work as to reduce the amount of unemployment to the smallest possible dimensions. On August 17th, 1920, the Prime Minister said in the House of Commons, "The question of Unemployment . . . is engaging the very serious consideration of the Government, and a Cabinet Committee has been appointed to examine the problem." That was in the summer of last year; and in the autumn of this year we find the Prime Minister again using almost the same words, and again appointing "a Cabinet Committee" to "examine the problem," as if the need for action had only just arisen.

On August 17th, 1921, exactly twelve months after the Prime Minister's statement, the Minister of Labour admitted in the House of Commons that all the Government's schemes put together had given work to no more than 100,000 men. At that date the number of unemployed persons was 1,572,000.

In view of these facts, whatever may be the outcome of the Government's new proposals, there is solid ground for the view that if it had acted earlier and with a fuller sense of its responsibility to the nation, the country would not now be faced with a task of such difficulty and seriousness.

Special mention must now be made of the Government's mismanagement of the Coal Industry, and of the passing of the Safeguarding of Industries Act.

The Coal Industry.

The disastrous coal-stoppage of 1921 (which lasted from April 1st to June 28th), was the biggest single blow that industry has suffered in recent times. Apologists of the Government sometimes refer to this national misfortune as though, like a bad harvest, it could be regarded as one of the causes of trade depression that are beyond Government control. It must, however, be plainly stated that the Government itself bears the chief responsibility for the coal-stoppage and its damaging effects on general trade. The whole history of the Government's treatment of the coal industry, from 1919 onwards, is a story of makeshifts and muddles; but it will suffice to recall here the two cardinal errors of which the Government has been guilty.

In the first place, the Government created a fatal attitude of distrust and suspicion among the miners by a gross breach of faith.

In January, 1919, the miners, through a special national conference, demanded shorter hours, increased pay, and the nationalisation of the

mines. The Government met these demands by offering the Sankey Commission (instructed to report on all points, including nationalisation), and the miners continued at work. In March the Sankey Commission presented an interim report on wages and hours. The miners did not like the report; there was unsettlement and the danger of stoppage; but the Government was particularly anxious to keep the miners working, and in order to persuade them to accept the interim report, Mr. Bonar Law (on behalf of the Government) thus addressed the miners' representatives on March 25th, 1919:

> "If this Commission is allowed to continue," he said, "interim reports will be issued dealing with subject after subject in which you are all vitally interested, and not merely will these interim reports be issued which in ordinary circumstances might be put in the waste-paper basket; but it is *part of the Government undertaking* to deal with these reports in the spirit as well as in the letter, and steps will be taken to enable these recommendations to be carried into effect."

The miners took this, along with other similar declarations made by Mr. Bonar Law and Mr. Lloyd George, to mean that if the Commission reported in favour of nationalisation the Government would accept and act upon the recommendation.

We need not now consider whether the nationalisation of mines is desirable or undesirable. The point is that, in order to prevent a strike, the Government allowed it to be believed that they would nationalise if the Commission recommended it. On June 20th, 1919, Mr. Justice Sankey and the majority of the Commissioners reported in favour of the gradual national acquisition of the mines (*Coal Industry Commission Reports, Cmd.* 210, *pages* 5 *to* 28), but the Government stolidly ignored the recommendation; they did in fact "put it in the waste-paper basket." After this,

the miners (like so many other classes of people) ceased to place any reliance on the Government's promises.

In view of what has just been related it can cause no surprise that the Government has been in continual trouble with the coal industry, and the stoppage of 1921 was the climax of the difficulties created by its own mismanagement. In March, 1920, the Government passed a Coal Mines Emergency Act, and in October of the same year the provisions of that Act were revised and supplemented by the terms of Settlement which followed upon a ten days' strike. The governing fact of these 1920 agreements was that both wages and profits would remain under Government control *until August 31st*, 1921. The Government, that is to say, remained until August 31st responsible for maintaining a certain sliding-scale of wages; and in entering upon this undertaking the Government relied on the high profits that were being made by the export of coal to France and other foreign countries.

Early in the year 1921 the coal-owners and the miners began to negotiate for a new basis upon which to run the industry when the period of control had expired. They found it an extremely difficult task, and many meetings were held without producing any satisfactory scheme. Meanwhile, largely owing to the free delivery of vast quantities of coal to France by Germany (one of the items of Mr. Lloyd George's Peace Settlement), the high profits of the British export coal trade had disappeared, and the Government was obliged to make heavy subsidies to the industry in order to keep its agreement.

It was at this point, in the first week of March, that the Government introduced its Coal Mines Decontrol Bill, by which the coal industry was to be thrown on its own resources on March 31st—five months earlier than the expected date. This sudden and unexpected announcement was the real cause of the coal-stoppage. The Government, as usual, chose the worst possible way of doing

things. There were many alternatives. To mention only two, more time for re-adjustment could have been given, or the subsidy could have been withdrawn gradually. But the Government had characteristically taken sudden panic. Regardless of consequences, after "controlling" the coal trade into a state of acute business difficulty, bordering on insolvency, it was resolved to throw the industry back into private management without warning or delay. The result was a stoppage of work for three months, involving enormous losses, widespread unemployment in many branches of industry, and an injury to the trade of the country which it will take years to repair.

The cost of the coal-stoppage cannot be estimated in full, for much of it was indirect; but on July 5th and on August 18th, Sir Robert Horne gave figures which are sufficiently serious. A combination of the two statements yields the following result:

National Cost of the 1921 Coal-Stoppage.

(From Statements made in the House of Commons by Sir Robert Horne on July 5th, and August 18th, 1921).

	£
Defence Force and other Military Costs	7,000,000
Navy	1,225,000
Air Force	330,000
Civil Emergency Organisation (including the Ministry of Labour)	1,150,000
Coal Industry Subsidy	10,000,000
Deficiency in Railway Receipts (reimbursed by Government) ..	13,500,000
Increased Unemployment Pay (April-June) due to the Stoppage..	13,000,000
	£46,205,000

The Safeguarding of Industries Act.

The folly of the Coalition Government is visible to the naked eye in the "Safeguarding of Industries Act," which was passed in August, 1921. This is a far-reaching Protectionist measure—the first measure of such a kind that has been put on the Statute Book since the repeal of the Corn Laws.

The Conservative Party has worked hard to introduce Protection for many years, but it has always failed. In 1903 Mr. Joseph Chamberlain set out upon a great Protectionist campaign. The electors were besieged for seven or eight years by Protectionist speeches, leaflets and books. The plain issue, "Free Trade or Protection," was put to the test in three successive General Elections—in 1906, and in January and December, 1910; and on each occasion the electors voted for Free Trade by returning the Liberal Party to power. The electors have not now voted for Protection; but it has been imposed upon them by this Act. Mr. Lloyd George obtained a majority at the General Election of 1918 in order, as he professed, to clear up the War, to make Germany pay, and to banish "misery, poverty and squalor" from our social system; and he has used the "mandate" so obtained to impose upon the people a scheme of Protectionist Tariffs which was never submitted to them. This old and reactionary Tory proposal, which Toryism itself could never carry out, has now been made the law of the land by Mr. Lloyd George's Coalition.

The object of the Safeguarding of Industries Act is the ordinary object of all Protection. It seeks to make certain foreign goods so expensive to the British buyer that he will not be able to afford them, and will be driven to buy similar goods made at home. The Protectionists think that this will increase our home trade and give more employment. It has, of course, been proved over and over again that this is not true. The British people live largely by making things for export, things to sell abroad; and the goods that we receive from foreign countries come as payment

for our exports. If we cut down our purchases of foreign articles, we are at the same time cutting down the amount of goods we can export to foreign countries, and are therefore restricting employment in our great staple export industries.

Free traders maintain that we get the greatest amount of profitable trade and employment when people are allowed to buy and sell freely in the ways that suit them best. Both experience and the official trade statistics prove that this is true, and that the Protectionist notion of shutting out cheap foreign goods is a short-sighted error which can only injure our trade and impoverish the country.

This well-established fact has been blindly disregarded by the Coalition Government. The Safeguarding of Industries Act is a complicated document, full of verbal qualifications; but it can only be understood as a Protectionist measure. It has no intelligent object at all unless that object is to shut out foreign goods by making them so expensive that the British buyer will either do without them or buy something else instead.

The central and operative factor in the Safeguarding of Industries Act is this: the British Importer of certain Foreign Articles is required to pay a Tax on them; and the amount of the Tax is thirty-three and a third per cent. on the value of the Article, that is to say, 6s. 8d. in the pound, or fourpence in the shilling.

No one can say at present with any approach to completeness which are the Foreign Articles upon which this tax must be paid. They belong to three broad classes: (1) articles included in official lists which the Board of Trade will determine; (2) articles offered for sale in this country at less than their cost of production in the foreign country; and (3) articles which can be sold here for less than the price at which we can profitably make them, owing to the fact that the country from which they come has a depreciated exchange.

The conditions attached to each of these three methods of selection may be briefly summarised as follows:

1. *Key Industries.* The lists which are to be drawn up by the Board of Trade are understood to be lists of "Key Industries." There is no definition of a Key Industry; but the Act includes a Schedule of thirty-nine "classes" of goods for the Board's guidance. The thirty-nine classes consist for the most part of metals, chemicals, electrical goods, glass goods, and engineering and scientific instruments. The Board of Trade may vary its list from time to time, and it has published as a first instalment an extensive catalogue of 6,358 articles.

Any imported article included in these official schedules, provided that it is imported for use in this country and does not come from a British Colony, will be subject to the Tax.

2. *Cost of Production.* The cost of production of an imported article is defined as 95 per cent. of its wholesale price at the foreign works where it is made; and the general rule is that the Tax will be imposed on such an article if it is sold here for less than that foreign wholesale price. In order to escape the tax, the Importer must produce a certificate to prove that its foreign wholesale price was lower than the price at which he is selling it; and this certificate must be signed by the foreigner who sent the article, and countersigned by a British Consular officer.

This is the general rule. The matter is, however, complicated by a confusing variety of qualifications. There are countries with which we have made treaties that render this Act inapplicable so far as they and their merchandise are concerned. The Act does not apply to food and drink. And before the Tax can be imposed it must appear to the Board of Trade or to a Committee of Investigation (*a*) that the practice of importing the article in question is injurious to home employment; (*b*) that the taxation of the

article would not be injurious to some other branch of home employment, and (*c*) that the home industry which manufactures similar articles is conducted with efficiency and economy.

Until all these points are settled the British Importer of a specially cheap and profitable foreign line cannot know whether or not he will be required to pay the Tax.

3. *Depreciated Exchange.* All the qualifications just mentioned, as applying to articles sold at less than their foreign wholesale price, apply also to articles which derive their cheapness from a depreciated exchange.

In this latter case there are two additional points. (*a*) The tax is not to be imposed on goods that come from a British Colony, however badly its exchange may be depreciated. And (*b*) in regard to other countries the tax will only be imposed if the rate of exchange is depreciated to the extent of thirty-three and a third per cent.: that is to say, if the money of the country from which the Article comes is worth in Great Britain less than two thirds of its ordinary value.

After ascertaining and allowing for all these diverse qualifying circumstances, the Article will be subject to the Tax if the price at which the Importer sells it is less than the price at which we could profitably manufacture it at home.

From this brief analysis it is evident that the Safeguarding of Industries Act is Protection in its worst possible form. Its vagueness, its uncertainty, its capriciousness adds seriously to the injury it will inflict on our trade. British firms that do business in foreign countries will never know for any settled period whether their imported goods are to be taxed or not; they will find it impossible to make the necessary calculations; they will be pestered by official inquiries and regulations; and the consequence will be that the vast, complex, and delicate mechanism of our foreign trade will be thrown out of gear.

In addition to this needless and useless creation of confusion, the Act will produce the inevitable evil effects of every Protectionist Tariff.

(1) It will raise the prices of many articles of common use—how many no one can estimate; and it will prevent the prices of other things from falling. A tax on imports never fails to have this effect. But we have, if it were needed, Sir Alfred Mond's authority for saying that the Government is aware of the fact. Referring to this measure on May 31st, 1921, in the House of Commons, Sir Alfred Mond said:

"Of course it will raise prices. It is bound to do so. That is the object of it. If it does not do that, there would be no point in it."

(2) It will restrict and diminish the total amount of the country's trade. Some branches of the import trade may be killed outright. Other imports will be so difficult to obtain, or be obtainable only at such increased charges, that the costs of manufacture in this country will be appreciably raised, and our power to compete with other nations in foreign markets thereby weakened.

(3) It will, as an obvious consequence of the restriction of our total trade, tend to create unemployment in many industries—perhaps in almost every class of occupation except in the swollen bureaucracy that will be required to work the Act.

The Coalition Government has committed this piece of folly for no other reason than that it is obliged to do something to pacify the Tories and Tariff Reformers who support it. It is probably the most stupid Act of Parliament ever placed on the Statute Book. At a time when business is difficult, when prices are high, when unemployment is widespread and menacing, when the urgent need of the nation's industry is to have every port opened, every restriction removed, every channel of foreign trade liberated and made easy; at such

a moment we are given a new complicated code of commercial law which will impede every international transaction, place our traders at a disadvantage in every foreign market, put a check on manufacture, aggravate unemployment, and raise the cost of living.

Such is the fruit of the Coalition: its one positive achievement in the Session of the year 1921.

V.

The Coalition Government's record in regard to the treatment of Ireland is one of the most discreditable pages in British history.

There are four things to be said on this subject.

(1) The long feud between Great Britain and Ireland can only be settled to-day by the adoption of the policy of Irish Self-government, for which the Liberal Party has been fighting for thirty-five years.

(2) A Liberal Home Rule Act was put on the Statute Book at the moment of the outbreak of the Great European War (Royal Assent to the Act—September 18th, 1914), and suspended from operation until the end of the War. When the War ended (November, 1918) the Irish question could have been settled by granting Self-government, in fulfilment of the promise made in 1914.

(3) Instead of giving Self-government to Ireland in 1918, or early in 1919 (after the General Election), the Coalition Government pursued a policy of coercion, persecution, and violence towards the Irish people of unexampled severity, and provoked a state of civil war which rapidly became a world-wide scandal and disgrace.

(4) The Coalition Government was finally driven (June 24th, 1921) to open negotiations with the Irish Sinn Fein leaders by the complete and

notorious failure of its attempt to govern by violence. After bringing universal discredit on the British name by a systematic policy of bloodshed and frightfulness, the Government has at last turned (three years later than it should have done) to the long-established Liberal plan of allowing the Irish people to govern themselves.

These four statements rest on facts which are well within the recollection of the public, and no object can now be served by elaborating them. If the Irish question is at last to be settled, everyone will be thankful.

It is, however, worth while to put on record the fact that the solution now favoured by the Government (the offer of Dominion Status) was definitely and strongly advocated nearly two years ago by the Liberal Party, and was met by the Government at that time with stubborn opposition.

Mr. Asquith put forward the proposal of Dominion Home Rule for Ireland in a speech at Paisley on February 2nd, 1920; again in a letter to the *Times* on October 5th, 1920, in the course of which he briefly defined his policy as "*the bestowal upon Ireland of the status of an autonomous Dominion in the fullest and widest sense*"; and again in a speech delivered at Ayr on October 14th, 1920.

Mr. Lloyd George addressed a mass meeting at Carnarvon on October 9th, 1920. In the course of his speech he referred to Mr. Asquith's letter which had appeared in the *Times* four days previously; and, in commenting on Mr. Asquith's proposal to give Dominion Status to Ireland, Mr. Lloyd George said:

"Was there ever such lunacy proposed by anybody?"

Exactly twelve months later (on October 11th, 1921) Mr. Lloyd George met the Irish Representatives in London with the object of persuading them to accept this very proposal.

If any credit is to be given to Mr. Lloyd George and the Coalition Government in this matter, it is the credit of having completely reversed their policy—an exercise in which they are well practised. The misfortune is that they did not change it earlier. If they had been willing even a year earlier to adopt the policy that was urged upon them by the Leader of the Liberal Party, they would have saved hundreds of lives and incalculable misery and torture, and the good repute of the British nation would not have been so severely damaged in the eyes of the civilised world.

Conclusion.

This tale of folly and failure can only have one conclusion. It is this:

THE COALITION MUST GO.

If its defenders say that it was an experiment, well and good; the experiment has failed. It has failed because it did not rest on any consistent or straightforward conception of national well-being. This was the contention of Viscount Grey's speech at Berwick on the 10th of October. Lord Grey is known all over the world as a single-minded and public-spirited statesman, sincere in judgment and moderate in expression. Speaking of the members of Mr. Lloyd George's Government, this is what he said:

"They are men who before the War had no common grounds of politics, no common conviction, no common set of principles, nothing which ordinarily brings people together in a Government; and the result has been that a Coalition Government, justified for the purposes of the War, has found itself in time of peace *without any settled policy*. They have gone from one policy to another. There has been on every subject almost a *jumble and changing of policies which has impaired public confidence.*"

That is precisely the point at which we have arrived. Public confidence in the Coalition Government is impaired beyond repair. It has created an anxious and painful atmosphere of distrust. Nothing that it may now do can remove this distrust. It has never done anything right without first making a dozen experimental and costly mistakes. It has no compass, no steady aim, no guiding principle. It has nothing but a "jumble of policies"; and it scrambles backward and forward from one to another, hoping by chance to hit upon something that will pass muster for the moment. After three years of this casual and inconsequent government, the country is distracted and nervous. It will not be pacified any more by Mr. Lloyd George's rhetorical and egotistical assurances. It is tired of perorations. It is tired of militarism and jingoism and sentimentalism and extravagance and confusion. Moreover, it is tired of paying through the nose for no benefit received. The people want to feel firm ground beneath their feet. They want security and quietness. They want a steady, straightforward, intelligent way of going on. And in these three years of folly and failure they have learnt one thing. They have learnt that these common but precious boons will never come from Mr. Lloyd George's Coalition Government. Consequently the one certain fact is that

THE COALITION MUST GO.

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